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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000411

SIPDIS

FOR EAP/MTS AND INR

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SUBJECT: PM ADVISOR LIM ON REFORMS AND ABDULLAH'S EVENTUAL
DEPARTURE

REF: KUALA LUMPUR 0408

Classified By: AMBASSADOR JAMES R. KEITH, REASON 1.4 (B AND D)

¶1. (C) SUMMARY: The Ambassador hosted Prime Ministerial Political Secretary Vincent Lim to dinner on the evening of May 14. (Note: This dinner occurred prior to former PM Mahathir's May 19 announcement that he would quit the ruling party. See refTel for Embassy reporting on Mahathir's surprise announcement.) The world-weary Lim appeared resigned to the Abdullah administration's eventual departure, although Lim seemed to think that it would be later rather than sooner. He acknowledged that the PM had not been a strong leader. The PM's announcement of judicial and other reforms, while important and far reaching, had come too late, and he conveyed the clear impression that the PM's program faced resistance within UMNO. Lim volunteered that the Prime Minister was spending more time than ever in Parliament answering members' questions and that this was part of his post-March 8 strategy of transparency but his tone suggested that it may be as much to deter ruling coalition members from joining the opposition. Lim downplayed the chances of an opposition majority in parliament while at the same time lamenting that opposition leader Anwar Ibrahim could acquire excessive power depending on how he engineered a takeover. Lim was confident that DPM Najib remained loyal to the PM, that the two had an understanding about how to effect the succession, and that all Najib had to do was wait patiently. Lim sounded tired and dispirited, perhaps worn down by his PM's political vicissitudes, his inability to implement a thoroughgoing reform program, the political uncertainties after March 8, and the prospect of the PM's eventual departure from office. The DCM also attended the dinner. END SUMMARY.

The Prospects for Reform

¶2. (C) Lim said PM Abdullah did the right thing by supporting judicial reform and the establishment of an anti-corruption commission, but he had promised these when he came into office four years ago, and the move came too late. On the future prospects for these reforms, Lim commented resignedly that the PM was having to walk a fine line between liberal cabinet members like Zaid Ibrahim, who strongly advocated the reforms, and UMNO conservatives who opposed reform like new Home Minister Syed Hamid. He wondered aloud about the prospects for any successful economic reform in Malaysia, noting that the Chinese economy was growing rapidly while Malaysia seemed to be bogged down.

The Prime Minister's Parliamentary Strategy

¶3. (C) Lim volunteered that the Prime Minister had remained in Parliament to respond to members' questions until 11 PM the night before and that this had become a pattern for the

PM since the present session's opening. He indicated that this was part of the PM's post-general election strategy of openness, in which he was requiring that his cabinet ministers, and not their deputies or their parliamentary secretaries be present during question time. (Note: Lim refused to be drawn out on another reason we had heard for the PM's attentiveness to parliament: the need to ensure that Sabah BN members don't jump the aisle to join the opposition.) Lim acknowledged that televising parliamentary sessions had been a public relations disaster at first, as members had lost discipline and played to the camera, but that floor debate had regained some of its civility since the opening days, and he thought the cameras would remain.

A Fluid Political Scene

14. (C) Lim described the current political scene as highly fluid but downplayed rumors that ruling coalition members from Sabah would switch sides to join the opposition in coming days. He said that it's in opposition leader Anwar Ibrahim's interest to keep "stirring the pot" by keeping maximum pressure on UMNO and its coalition partners but hinted that he believes it's a bluff. Echoing what we've heard from other UMNO quarters, Lim claimed the opposition will be unready to assume power until it settles the question of whether Malaysia should be an Islamic state. This is a fundamental issue for PAS, Anwar's Islamist opposition partner, and it's not one that can be easily resolved. The Democratic Action Party (DAP) will never agree to any formulation suggesting Malaysia is an Islamic state, Lim said. (Comment: DPM Najib's public remark in 2007 that Malaysia is already an Islamic state helped to

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further alienate non-Malay components of BN. End Comment.) He added that he thought the opposition was temperamentally unready for rule because they had never thought they would garner as many votes as they had during the election. The fact that Anwar's Keadilan party had won so many seats came as a shock to PAS and DAP, which had agreed among themselves on which seats they would contest and gave the leftovers to Keadilan. The opposition would not do nearly as well in the next election, Lim commented. He nevertheless thought that there were two scenarios in which Anwar could gain power. One would be for him to convince enough BN members of parliament to cross the aisle and join the opposition to form a new majority. A much better scenario from Anwar's point of view would be for a large number of UMNO members to come over to his side. Without explaining what he meant, Lim intoned curiously that if Anwar gained power by the latter method he would have more power than Mahathir, he'd be unstoppable, and we'd all regret it.

The UMNO Succession

15. (C) Turning to the question of political succession within UMNO, Lim indicated that Prime Minister Abdullah and Deputy Prime Minister had cut a deal. Echoing what we've seen in the press on this subject, Lim said "it's a question of when and not whom." "DPM Najib will be the PM's successor, and all he has to do is wait," he emphasized. Lim continued that Najib has been very careful and very loyal to the Prime Minister since the March 8 election, "and I've never seen them closer." He turned philosophical, almost fatalistic about the PM's tenure in office. "The PM is a decent, pious man with strong views about what's right," Lim explained, "but he doesn't have the drive that Mahathir had."

COMMENT

16. (C) Lim struck us by turns as tired, dispirited, disappointed, and uncertain. He appeared confident that the opposition will fail to take over parliament any time soon but at the same time he seemed disappointed with Abdullah's performance and ultimate departure from office. Lim is one

of the "fourth floor boys" -- the group of young political advisors that also includes Public Affairs Chief Kamal Khalid -- who manage day-to-day political operations for the Prime Minister. He is close to Prime Ministerial son-in-law Khairy Jamaluddin, and appears to have shared in his political colleagues' initial image as enthusiastic reformers. Reading between the lines, it seemed that Lim was trying to tell us that Abdullah's administration, along with his "fourth floor boys" represented Malaysia's best chance for reform and that neither an Anwar government nor Najib's succession would offer such an opportunity.

KEITH